

# Czech Republic

## A: Identification

**Title of the CPI:** Consumer Price Index

**Organisation responsible:** Czech Statistical Office (CZSO)

**Periodicity:** Monthly

**Price reference period:** December 2011 = 100

**Index reference period:** 2005 = 100

**Weights reference period:** 2010

**Main uses of CPI:** Indexation of wages, pensions and/or social security payment, Indexation of rents, contracts and/or other payments, main inflation indicator used for monetary policy, macroeconomic modelling and other analytic uses.

## B: CPI Coverage

### Geographical Coverage

*Weights:* Nation-wide

*Price collection:* Nation-wide

**Population coverage:** Resident households of nationals including institutional households

### Consumption expenditure excludes:

- Second hand goods purchased (except second hand cars)

## C: Concepts, definitions, classifications and weights

**Definition of the CPI and its objectives:** CPI measures pure price changes in a fixed market basket of goods and services of constant quality and quantity bought by households.

**Classification:** Classification of Individual Consumption by Purpose

**Sources of weights:** Household expenditure surveys and national accounts.

**Frequency of weight updates:** 3-5 years

## D: Sample design

**Sampling methods:**

*Outlets:* Purposive sampling

*Products:* Purposive sampling

**Criteria used for determining the optimal sample sizes and the coverage of localities, outlets, items and variety samples:**

Item selection: Purposive sampling (based on household budget survey).

Outlet selection: Purposive sampling (based on outlet survey).

**Criteria used for selecting an item variety in the outlet in case of loose specifications provided by the central office:** The CZSO supplies general specifications to price collectors; the collectors themselves record detailed descriptions covering characteristics such as brand, size, fabric, etc. into their electronic recorders or paper forms.

## **E: Data Collection**

**Approximate number of localities, outlets and price observations:** Outlets: 9,000, Price observations: 65,000

**Frequency with which prices are collected:** Prices are collected monthly.

**Reference period for data collection:** Prices are collected between the 1<sup>st</sup> and the 20<sup>th</sup> day of the reference month. Fuels are collected 4 times per month.

### **Methods of Price Collection**

- Personal data collection
- Central price collection for administrative prices.

### **Treatment of:**

**Second hand purchases:** Not included in the CPI except for second hand cars.

**Disappearance of a given type or quality from the market:** If a product disappears from the market, it is replaced by a similar product complying with the product description.

**Quality differences:** The methods for quality adjustment used include direct adjustment and imputation methods.

### **Treatment of seasonal items and seasonality**

**Items that have a seasonal character and their treatment:** The selected representative items for fresh fruit and vegetables are sold during the entire year. For other seasonal items, the latest recorded prices are unchanged carried forward until the items reappear on the market.

**Method to impute the price of seasonal items:** Carry forward the last observed price.

## Treatment of housing

**Treatment of owner-occupied housing:** Imputed rent of apartment owners is included since the January 1995 revision. Basis for the imputation are rents for co-operative housing, which are neither regulated nor subsidized by government.

**Types of dwellings covered by the rent data:** Rental houses dwellings and co-operative dwellings.

## F: Computation

**Formula used for calculation of elementary indices:** The ratio of arithmetic mean prices (Dutot index) (Chained form)

**Formula to aggregate elementary indices to higher level indices:** Aggregation of elementary indices to higher level indices is by modified Laspeyres formula with the fixed base given by

$$I = \frac{\sum \frac{p_1}{p_0} * p_0 q_0}{\sum p_0 q_0} * 100$$

where

I = index for the reference period to base period (base index)

p<sub>1</sub> = price of goods (services) in the reference period (current) period

p<sub>0</sub> = price of goods (services) in base period

p<sub>0</sub>.q<sub>0</sub> = constant weight – household expenditures on goods (services) in the base period

## G: Editing and validation procedures

**Control procedures used to ensure the quality of data collected:** Before the CPI is computed, CZSO division specialists evaluate the recorded price changes and the reasons for price changes as indicated by the price collectors. In addition, CZSO division staff checks the price collectors in individual regions. Finally, the CZSO center evaluates data consistency with information on the market (top control).

**Control procedures used to ensure the quality of data processed:** Once a year the official fixed-weight CPI is compared with a CPI calculated using current weights (using household budget data for the last calendar year).

## H: Documentation and dissemination

**Timeliness of dissemination of the CPI data:** CPI data is disseminated within 15 days after the end of the reference period.

## **Level of detailed CPI published**

**Paper publication:** All items CPI, Division level

**Online:** All items CPI, Division level

**Separate indices published for specific population groups:** Separate indices are compiled for (i) households in total, (ii) households of pensioners, and (iii) households living in Prague.

## **Documentation**

**Publications and websites where indices can be found:** Consumer price indices can be found at [http://www.czso.cz/eng/redakce.nsf/i/inflation\\_consumer\\_prices\\_ekon](http://www.czso.cz/eng/redakce.nsf/i/inflation_consumer_prices_ekon)

**Publications and websites where methodological information can be found:**

Methodological information about Czech CPI can be found in the “Consumer Price Indices – User’s Methodological manual” available at

[http://www.czso.cz/eng/redakce.nsf/i/what\\_is\\_it\\_inflation\\_resp\\_inflation\\_rate](http://www.czso.cz/eng/redakce.nsf/i/what_is_it_inflation_resp_inflation_rate)

## **I: Other Information**

Reported by the ILO in 2013.